

STRATEGY
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**AUSTRALIA'S DEFENCE REVIEW 2000:
A STEP IN THE RIGHT DIRECTION**

BY

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USAWC STRATEGY RESEARCH PROJECT

Australia's Defence Review 2000: A Step in the Right Direction

by

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ABSTRACT

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Fundamental changes in the strategic environment, increasing cost and budgetary pressures on the Defence Organisation and important changes in military technology combined to precipitate a major review of Australia's defence policy during 2000. This Strategy Research Project critically examines key elements of the review process and assesses the resulting Defence Policy Statement, Defence 2000: Our Future Defence Force.

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AUSTRALIA'S DEFENCE REVIEW 2000: A STEP IN THE RIGHT DIRECTION

"... our aim is to select a set of capabilities that give Australia the widest range of military options to support our strategic interests, at an affordable cost."

Public Discussion Paper, p 34.

"...maintaining a modern and capable defence force is fundamentally important to the protection of our national interests and the maintenance of the Australian way of life."

Report of the Community Consultation Team, p v.

"... [decisions] taken in the forthcoming Defence Policy Statement will shape Australia's military capabilities for the next twenty years or more. In a world in which new challenges arise almost daily, there is a widespread view that it is vital for Australia to get those decisions right."

Report of the Community Consultation Team, p 1.

DEFENCE AT THE CROSSROADS

The Defence Annual Report is a statutory account of the performance and achievements of the Australian Defence Organisation (ADO)¹ by financial year. Usually dry, routine documents, the 1999-2000 Report was a dramatic departure from this norm, highlighting the unprecedented "breadth and complexity of the challenges facing Defence" and emphasising the need for a "hard-nosed assessment" of the way Defence does business.² Problems with accountability, corporate planning and financial arrangements in the ADO all came to a head in 1999, arousing widespread dissatisfaction from within Government, the public service, industry, and the ADO itself.³ To make matters worse, independent reports had already noted significant management deficiencies,⁴ and even the outstanding success of the Australian-led International Force in East Timor (INTERFET) was mitigated by serious personnel, equipment and sustainability concerns.⁵

From a regional perspective, Australia's "immediate neighbourhood"⁶ had also changed markedly since the last review of strategic policy in December 1997.⁷ The end of the Suharto regime in Indonesia has seen the resurgence of the independence struggle in Aceh, religious violence in Ambon and Maluku, an Australian-led United Nations intervention in East Timor and, most recently, a growing separatist movement in Irian Jaya. Other regional "crises" over the period have included the Sandline mercenaries in Papua New Guinea, the coup in Fiji and a potential civil war in the Solomon Islands. There has also been growing concern over drug trafficking, illegal immigration and the influence of organised crime in the region.⁸

Even on the global front, the security environment looks decidedly more uncertain. The pace of change is increasing rapidly and contradictory trends are emerging: economic, technological and intellectual forces are bringing the world community together while, at the same time, powerful social and political forces are breaking it apart. Rampant globalization versus ethnic and religious chauvinism. Experts see more violence but fewer wars, with conventional wars becoming the means of last resort and the majority of future conflicts predicted to be asymmetric in nature⁹. The non-state, transnational threats of terrorism, international crime, drug trafficking, illegal trading in dangerous substances, uncontrolled refugee migrations, epidemics and environmental damage are also expected to loom larger in the 21st Century¹⁰.

The future security environment is therefore likely to become even more dynamic, complex and ambiguous as these new threats adapt, proliferate and manifest themselves at global, regional and local levels. Governments will continue to demand more efficiency, effectiveness and responsiveness from their military forces, even as they become smaller in number. At the same time, leveraging new technology will keep the cost of military forces rising.

This combination of circumstances, domestic, regional and global, found the ADO increasingly out of tune with the strategic realities of today, and those forecast for tomorrow. Defence had reached a crossroads. Australians expect the Government to do whatever is "necessary" to keep the country safe from possible threats; but exactly what this means in the context of 21st Century security is not yet clear. One thing is certain, however, a balanced, self-reliant and ready Australian Defence Force (ADF) of 50,000, with the current range of capabilities, is no longer possible within current budget estimates.¹¹ Government must either spend more on Defence, or expect Defence to do less.¹²

Faced with this dilemma, the Government initiated a thorough re-think of all aspects of defence policy, from strategy to capability development to funding. For the first time, the review was also to include community consultation. A public discussion paper (PDP), Defence Review 2000 - Our Future Defence Force was duly published in June 2000, explaining the major issues and encouraging popular involvement. The results were then presented in November as Australian Perspectives on Defence: The Report of the Community Consultation Team (RCCT). Finally, the new Defence Policy Statement (otherwise known as the "White Paper"), Defence 2000: Our Future Defence Force (D2000), was released on 6 December 2000. In the context of this climate of change, this Strategy Research Project critically examines the key elements of the Defence Review process and assesses the resulting policy.

STIMULATING PUBLIC DEBATE - THE PUBLIC DISCUSSION PAPER

The unique public consultation phase of the Defence Review was managed by two separate teams, the Community Consultation Team (CCT)¹³, using responses to the PDP and public meetings around Australia to gauge community views on defence, and the Defence Consultation Team (DCT)¹⁴, which concentrated on members of the ADO. The goal of the consultation process was not to produce a consensus on defence matters but to encourage better public understanding of the issues requiring Government decision.

In 80 pages the PDP covers all the major issues likely to shape Australia's future defence policy. Questions concerning strategic environment, force structure, funding and future options are juxtaposed with logical "answers" that subtly make the case for greater defence spending, force modernisation and an increase in the number of military personnel.¹⁵ Industry, however, is given scant attention and, despite difficulties with recruiting and retention, there is no substantive consideration of personnel issues. While background considerations are outlined objectively, options are clearly framed by strategic and financial realities. There are no radical alternatives, only variations on the status quo.

AUSTRALIA'S STRATEGIC FUNDAMENTALS

In examining Australia's place in the international security environment the PDP notes the rise of globalization and the declining importance of the nation-state before concluding that the international system makes major wars less likely, but not impossible. At the same time, the prospect of using military forces in non-combat operations against transnational threats and non-state adversaries is assessed as likely to increase.¹⁶

Australia's geo-strategic circumstances allow it to be characterised as one of the most secure countries in the world.¹⁷ The nation's future security, however, is closely tied to the stability and prosperity of the extraordinarily dynamic, complex and unpredictable region of which it is part.¹⁸ The PDP finds no specific pre-existing threat on which defence planning could reasonably be based. It does, however, discuss national interests and explain how threats to Australia could develop, emphasising the need for precautionary planning against the types of capabilities that would be required to mount a major attack in the future.¹⁹

CAPABILITY ISSUES

Capability-related matters dominate the PDP. The arcane concept of military capability²⁰ is explained from first principles and the defining tasks for the future ADF are identified as the "defence of Australian territory", with a high degree of self-reliance, and "non-combat military

operations".²¹ To assist in determining the combination of military capabilities that will give Australia the widest range of options to conduct these tasks, at an affordable cost, force structuring criteria are also examined in terms of key choices. For instance, alliance versus self-reliance; independent action versus coalition operations and defending Australia versus regional commitments.²²

Current ADF capabilities are also examined, using the generic descriptors of air combat, strike, maritime interdiction, land and information. While an effective future force will obviously require some combination of all these capabilities, information technology is highlighted as a particular priority if Australia is to maintain an advantage in the region.²³

BUDGET ISSUES

Considerable emphasis is given to budget issues and the rationale behind the current level of defence spending, which has remained broadly constant over more than a decade. While funding for Defence has declined from around 2.5% of Gross Domestic Product (GDP) in the mid-1980s to about 1.9% in 1999, this relative decline reflects the growth of the national economy at a time when defence spending has been relatively static.²⁴ The A\$ 13 billion Defence budget of 2000-01 still translates to around A\$700 per head of population, significantly more than any other country in the nearer region.²⁵

Ongoing efficiency and reform programs are explained, together with the impact of increasing budget pressures and the dilemmas of funding future capability.²⁶ The balance between personnel numbers, the range of capabilities to be maintained, and readiness levels, is recognised as critical. This challenge is further complicated by the imminent problems of "block obsolescence". In the period out to 2015 the replacement of the F/A-18 fighters, P-3C maritime patrol aircraft, C-130H transport aircraft, amphibious support ships, afloat support ships, guided missile frigates, Army's wheeled vehicle fleet and small arms all need to be addressed.²⁷

OPTIONS FOR THE FUTURE

Force structuring for the future, on a limited budget, in an uncertain strategic environment is extremely difficult. The effectiveness of the future force, however, depends on the right decisions being made now: mixing and matching capability options to account for cost, utility and the importance of the task, not just probability of occurrence.

The PDP offers only three rudimentary options for the "force of the future", each outlined in terms of generic capabilities, strategic limitations and the associated funding implications. "Forces for Defeating Attacks on Australia" is effectively a continuation of the current range of

capabilities that would require an increase in funding over the longer term. "Forces Structured for Regional Security" emphasises "higher-end" capabilities and a more expeditionary focus that would also require a substantial increase in funding. "Forces for Military Operations Other Than War", on the other hand, would reduce the budget by cutting warfighting elements of the force and concentrating on what are assessed to be the more likely humanitarian and peacekeeping-type operations.²⁸ These options on the status quo are, however, each focused on discrete versions of the future security environment. Success a function of selecting the "right" future, rather than optimising utility across the widest range of "possible" futures. There is no attempt to encourage the development of more radical alternatives, nor to combine the various options into a more realistic course. Something like "Balanced Evolution" for instance, could provide a cost-effective "insurance policy" relevant to the threats of today and flexible enough to adapt to the uncertain demands of tomorrow.

GAUGING PUBLIC OPINION - THE REPORT OF THE COMMUNITY CONSULTATION TEAM

With more than 1100 submissions, and over 2000 people attending the 28 public meetings held across the country from 6 July to 7 September 2000, it is obvious that many Australians welcomed the opportunity to participate in the community consultation phase of the Defence Review process.²⁹ Arrangements were also made for additional discussions with State and local governments, interest groups, business and industry associations. Overall, the RCCT indicated that the ADF was held in high regard by the population of Australia and that the need for a capable, modern defence force to protect Australia's national interests and way of life was widely recognized and well supported.

STRATEGIC FUNDAMENTALS

The fundamental principles that should underpin Australia's strategic policy were generally agreed. Most people saw the primary task of the ADF as the defence of Australia. This was usually tied, however, to the expectation that the ADF, either alone or with coalition partners, would be able to undertake significant operations in the region, particularly the nearer region.

Not surprisingly, the most immediate threats to Australia's security were seen as non-military, namely illegal immigration, drug trafficking, cyber-attack and terrorism. Participation in peacekeeping operations, especially in the region, was definitely considered to be in the national interest and the alliance with the U.S. was strongly supported, within the context of maximum self-reliance.

THE STRUCTURE AND CAPABILITIES OF THE DEFENCE FORCE

Generally speaking, the community sought reassurance that defence funding would be used to build a force that could operate effectively in a wide range of possible circumstances. There was strong support for a properly equipped, well-balanced force with a war-fighting focus, able to undertake combat operations at short notice. While this force was seen as readily adaptable to other less demanding roles, such as peacekeeping, the reverse was not true. A force oriented towards peacekeeping can not easily transition to warfighting.

Many people perceived that Service capabilities had been cut to the point where they were no longer adequate for effective and sustained deployment in the region. Accordingly, there was notable support for:

- the Army being able to sustain combat operations in two separate locations;
- a “blue water” Navy based on surface combatants and submarines;
- replacing and expanding the patrol boat fleet;
- maintaining highly capable combat aircraft;
- a capacity for long-range strike operations; and
- maintaining a capability advantage in key areas, including intelligence, surveillance and reconnaissance.³⁰

PERSONNEL

The CCT found strong community feeling about personnel issues. Concern about difficulties with recruiting and retention was coupled with emphatic support for the Services as a unique vocation or way of life, not “just another job”.³¹ Changes to the way that Defence now does business were seen as underpinning these concerns, with the commercialisation of support functions singled out for particular criticism.

There was also great interest in the issue of the Reserves in all areas of the country. The public viewed the Reserves as an integral part of an effective ADF, and they clearly felt that they were inadequately supported and under-utilized at present. The need for legislative changes to protect the interests of Reservists was frequently raised; with job security, call out provisions and protection from employer discrimination being the main issues.³²

The RCCT also noted the strength of the long standing, mutually beneficial association between regional Australia and the ADF, particularly in northern Australia. The ADF, both Regular and Reserve, provides significant economic, industrial and social benefits to the community, as well as a reassuring presence.³³

INDUSTRY

The public supports a sound, competitive domestic industrial base as a fundamental element of the national defence effort. Community opinion was also strongly in favour of the ADF purchasing as much defence equipment as possible from Australia-based suppliers. More specifically, there was widespread concern about the decline of Australia's manufacturing capability, the de-skilling of the workforce, including the ADF, and about industry's capacity to support and sustain ADF deployments.³⁴

Defence industry sees itself as an integral part of the national defence capability and was clearly concerned at the cursory treatment of industry matters in the PDP. From the industry perspective, policy problems and procurement practices need to be addressed as matters of priority. Predictability and direction are required from Defence to stop the deterioration of Australia's defence industrial base and allow planning for sustainable future development.³⁵

DEFENCE SPENDING

The vast majority of the public advocated a significant increase in defence spending. Given the changes in the nearer region most argued that an increase was necessary just to keep up with the pace of technological change and the growing military capabilities of our neighbours. Indeed, many suggested that 2.5% of GDP was an appropriate level of defence spending. At the same time, however, the public expects greater discipline and accountability in the expenditure of these funds.³⁶

THE DEFENCE CONSULTATION TEAM

As part of the total consultation plan, the Chief of the Defence Force (CDF) and the Secretary of the Department of Defence submitted a consolidated report from the DCT to the Minister of Defence in October 2000. The key results, along with the RCCT, were announced publicly on 9 November 2000.

The first section of the DCT report covered broad strategic issues such as Australia's strategic fundamentals, force structure and capability matters, Reserves, the Acquisition system, industry support, and the defence budget. The second section, however, was more "people focused", addressing issues such as the expectations of the White Paper, the perceived decline in conditions of service and the requirement for better internal communications.³⁷ The Defence leadership confirmed that all of these matters would be addressed in the White Paper and included as part of the subsequent implementation process.³⁸

PROFESSIONAL EXPERTISE - THE DEFENCE POLICY STATEMENT

The product of 12 months' intensive government review, which for the first time included public consultation, D2000 updates Australia's strategic policy, articulates a clear long-term plan for the development of the ADF and, most importantly, links it to a ten year commitment of funds. D2000 essentially maintains continuity in Australia's strategic policy, but now adds a more pro-active, "expeditionary" tone. D2000 also emphasises a warfighting focus, as well as the importance of people, better business practices and a more effective capability development process.

FOUNDATIONS

This latest version of Australia's defense policy is founded on the premise of a decreasing risk of major conventional conflict between states, with military operations other than war becoming more common in the face of complex transnational threats. At the global level, the two interrelated trends of globalization and U.S. strategic primacy are seen as crucial. The security of the Asia-Pacific is seen to hinge on the relationship between the major regional powers, the U.S., Japan, China, Russia and India. Meanwhile, the countries of Australia's immediate neighbourhood face significant economic, political and social challenges that are likely to precipitate recurring security problems.³⁹ Despite the uncertainty of the regional environment, a direct military threat to Australia remains highly unlikely.⁴⁰

STRATEGY

Australia's national interests and long-term strategic objectives are explained⁴¹ and then examined in the light of key international relationships.⁴² The conception of the strategic environment is congruent with U.S. views⁴³ and, while strategy remains oriented towards the Asia-Pacific region, the primary focus moves from the "nearer region" to security in the "immediate neighbourhood".⁴⁴ D2000 emphasises self-reliance within a framework of alliances, particularly the U.S. alliance, a maritime strategy and the importance of pro-active operations.⁴⁵ Guidelines are also provided for the commitment of Australian forces to regional contingencies.⁴⁶

The main tasks for the ADF, as derived from this strategic context, are prioritised as:

The defense of Australia and its direct approaches;

Making a major contribution to the security of Australia's "immediate neighborhood";

Supporting wider interests; and

Peacetime national tasks.⁴⁷

“Peacetime national tasks” include specific and ongoing commitments to coastal surveillance, emergency management and counter-terrorism as well as ad hoc support to wider community needs. While not currently considered to be “core tasks in support of Australia’s strategic objectives”⁴⁸ these are the areas most likely to affect the future security environment.

PEOPLE

D2000 recognizes that people are the key to keeping the ADF a first-class military force and proposes policies to resolve most of the issues raised during the consultation process. The full-time strength of the ADF will be increased to 54,000 by 2010 and there will be added emphasis given to fostering a first-class work environment at all levels of the organisation. Current concerns over retention and recruiting are addressed, the education and training system will be overhauled and a raft of conditions of service issues are to be improved.⁴⁹

The role of the Reserves has been changed from mobilisation to that of supporting and sustaining current operations.⁵⁰ Supporting policy initiatives are also being developed to provide a new legislative basis for the employment of Reserves, improve training and deliver better recruitment and retention strategies.⁵¹

CAPABILITY

The major initiative of D2000 is the Defense Capability Plan, a new, more comprehensive approach to ADF capability development. The plan, to be revised annually, provides a clear long-term focus for development, but with the flexibility to accommodate changes in strategic circumstances, technologies and priorities. The main elements of the Defense Capability Plan are described in terms of Land Forces, Air Combat, Maritime Forces, Strike and Information Capability.

Land Forces,⁵² will now be structured, and resourced, to sustain a brigade on operations for extended periods, while maintaining at least a battalion group available for deployment elsewhere. Increased attention will be given to the sustainment of deployed forces, together with substantial investment in improved fire support and tactical mobility. Heavy armoured forces will be cut.

Air Force will maintain air combat forces that are qualitatively comparable with the best in the region. Airborne early warning and control aircraft will be acquired, the F/A-18 and air-to-air refueling capabilities will be upgraded, with provision also made for the acquisition of a new combat aircraft to follow the F/A-18, and potentially the F-111 strike aircraft.⁵³

Maritime Forces will focus on defending Australia's maritime approaches, supporting deployed forces and ongoing national tasks. The capability of ANZAC class frigates and Collins class submarines will be upgraded while the guided missile frigates are scheduled to be replaced with a new class of at least three air-defense capable ships. The current support ships, and the Fremantle class patrol boats, will also be replaced as a matter of priority, preferably with Australian built ships.⁵⁴

The strike capability is seen as an important contribution to Australia's military posture and, as such, is likely to be maintained after the F-111 leaves service.⁵⁵ Effective use of information is also seen as crucial to Australia's overall defense capability and substantial enhancements to command, control, communications, computing, intelligence, surveillance and reconnaissance systems are planned.⁵⁶ Defence industry policy is revamped⁵⁷ and improved linkages with the Defence Science and Technology Organisation are to be accorded high priority.⁵⁸

Capability Grouping	Capital Expenditure	Personnel & Operating Costs	Total
Land Forces	A\$3.9 b	A\$1.1b	A\$5.0b
Air Combat	A\$5.3b	A\$0.3b	A\$5.6b
Maritime Forces	A\$1.8b	A\$0.3b	A\$2.1b
Strike	A\$0.8b	A\$0b	A\$0.8b
Information	A\$1.9b	A\$0.6b	A\$2.5b
Total	A\$13.7b	A\$2.3b	A\$16b

TABLE 1. SUMMARY OF CAPABILITY ENHANCEMENT COSTS 2001-2 TO 2010-11.⁵⁹

FUNDING

Defense spending has been programmed to increase by an average of approximately 3% per annum over the next decade, from A\$12.2 billion this year to nearly A\$16 billion in 2010. Although this will be a total increase of A\$23.5 billion, in constant dollar terms, defence spending will remain at just 1.9 % of GDP.⁶⁰

D2000 also marks a new approach to Defence funding. The requirement for an annual Defence Financial and Management Plan, together with the move to output-based budgeting arrangements, should provide a much improved basis for Defence accountability to the Government and the public.⁶¹

POLICY ASSESSMENT – A GREAT LEAP FORWARD OR A STEP IN THE RIGHT DIRECTION?

The focus of the Defence review process was always firmly fixed on capability and funding issues, set within a revised strategic context. The original aim was to determine exactly what was “necessary” to keep the country safe by analysing possible threats and selecting a “set of capabilities that give Australia the widest range of military options to support our strategic interests, at an affordable cost.”⁶² Although just a “statement of intent” until implementation is complete, the mutually reinforcing nature of the review process has developed sufficient consensus to meet the Government’s aim. The question is, however, did the Government aim high enough? D2000 updates the assessment of Australia’s strategic circumstances and addresses chronic problems with the capability development process and funding. While this is definitely a “step in the right direction”, some might argue that the same approach, applied to a more imaginative vision, could have been a “great leap forward” for the ADF.

STRATEGIC FUNDAMENTALS

There was a notable consistency in the conception of Australia’s strategic fundamentals and the future security environment. With no new insights from the RCCT or D2000 itself, few views differed from the position established by the PDP. Major conventional war was still recognised as a possibility, but the rise of increasingly complex transnational, non-military threats of an asymmetric nature, and the instability of Australia’s immediate neighbourhood, were the main concerns.

Strategic interests and objectives were explained in the PDP and then again, in more detail, in D2000. Australia’s international relationships and military strategy were also examined in D2000. Interestingly, the military strategy is not described directly, nor reduced to a catchy slogan as it usually is. It is simply defined in terms of strategic tasks for the ADF, with a brief explanation of the underlying principles for the development of military capabilities and a list of consequent priorities.⁶³

While the assessment of the strategic environment is not disputed, some conclusions warrant questioning. With general agreement on the increasing likelihood of complex, transnational non-military threats, and the consequential convergence of military and non-military tasks,⁶⁴ there is good reason to carefully consider shifting from the traditional concept of “defence” towards a broader multi-dimensional concept of “security”. This notion, increasingly popular in academic and military circles, particularly in the U.S.,⁶⁵ is only alluded to in the RCCT. Nevertheless, the public clearly sees the ADF doing more than just combat operations in

defence of Australia. Many, particularly in Western Australia, Queensland and the Northern Territory, see the most immediate threats to Australia as non-military in nature, namely illegal immigration, drug trafficking, attacks on information systems and terrorism, and feel that the ADF should assist other agencies to deal with these threats.⁶⁶ Still, D2000 relegates "peacetime national tasks" to the status of a non-core task with all the associated implications for the development of future capability.⁶⁷

CAPABILITY ISSUES

Capability-related issues dominate all of the reports. Nearly half the PDP is devoted to explaining the various "dimensions" of force balance, a generic range of capability options and the current capabilities of the ADF.⁶⁸ The RCCT, despite giving only five pages to the subject, includes many specific capability recommendations from the public. The community obviously feels very strongly about the need for a highly capable ADF, properly balanced, adequately manned by both Regular and Reserve elements, well equipped, rapidly deployable and sustainable for extended periods. The idea of a "blue water" Navy, based on surface combatants and submarines was well supported and most people also believed that the patrol boat fleet should be replaced and expanded as a matter of priority. Highly capable combat aircraft, a capacity for long-range strike, and ADF regional superiority in key technology areas, including command and control, intelligence, surveillance and reconnaissance, were also seen as necessary.⁶⁹

D2000 goes back to first principles on the capability issue, detailing a comprehensive set of "capability development principles" for the ADF before deriving capability priorities directly from the strategic tasks.⁷⁰ This new approach to capability planning matches a ten year funding commitment to a planned set of capability enhancements. With through-life costing estimates covering not only the initial capital investment but also personnel, operating, support and upgrade costs the Government will now be able to make more informed judgments about the relative cost-effectiveness of different types of capability.

The Defence Capability Plan is examined further via the five broad categories of Land Forces, Air Combat, Maritime Forces, Strike and Information with each explained in terms of goals, issues and costs. Note also that all of the key findings from the capability section of the RCCT are included amongst the specific initiatives of the Defence Capability Plan.⁷¹

What is not clear, however, is the means by which future capability development requirements for "peacetime national tasks" will be incorporated into the Defence Capability Plan. In the complex and uncertain world of tomorrow the increasing convergence of military

and non-military threats will dramatically raise the profile of "homeland defence" issues. Guarding against drug trafficking, organised crime, terrorism, weapons of mass destruction, cyber-attack, and illegal immigration will be ongoing national tasks to be conducted in peace, war and everything in between. Under these conditions, the ADF must become increasingly constabulary in nature, a flexible, adaptable "force for all seasons". The ad hoc use of capabilities acquired for other purposes to support "peacetime national tasks" risks an ADF which is not properly prepared, in terms of doctrine, training or equipment, for a range of threats with potentially serious consequences for the nation.

While the Defence Capability Plan shapes as an effective mechanism for rectifying, reconciling and managing the current coordination problems with acquisition and force development, the ten year time horizon still does not go far enough to inculcate the future focus necessary for the development of the ADF. Preparing for the future, with all the attendant implications for experimentation and capability development, needs to be incorporated as a fundamental pillar of Australia's defence strategy.

FUNDING

The PDP characterises the financial situation facing Defence very graphically. It puts Defence spending in context, highlights trends, identifies likely budget pressures, and details current efficiency and reform programs before summing up the difficulties that will be associated with the funding of future capabilities. Informed by this objective assessment, the public was overwhelmingly supportive of a substantial increase in Defence funding and the stage was set for the Government to justify "the biggest funding increase for Defence in 20 years"⁷² as a necessary measure.

To be blunt, however, D2000 is the plan of one Government. There is bipartisan support,⁷³ but that is no guarantee that the financial plan will be implemented as proposed. D2000 may well be "the most comprehensive reappraisal of Australian defence capability for decades",⁷⁴ but it is still only a "catch up" plan, focused on rectifying current problems. D2000 does schedule Defence spending to grow by an average of 3% per annum in real terms over the next decade but, the problems of block obsolescence are not resolved and total funding remains at a modest 1.9% of GDP out to 2010.⁷⁵ Significantly less than the 2.5% of GDP advocated by many of the public.⁷⁶

MISSED OPPORTUNITY OR PRUDENT POLICY?

The Defence Review was potentially an opportunity for the ADF to make a "great leap forward". A broad conception of national security combining non-military and military threats in the increasingly complex and uncertain security environment of the future could have led to a more proactive strategy, an appropriately scaled, Australianised version of the U.S. military strategy "Shape, Respond and Prepare Now".⁷⁷ This, in turn, could have been translated into a more imaginative vision for the development of future capability. With funding at 2.5% of GDP the ADF could have initiated a process of "Balanced Evolution", transitioning to a more flexible, strategy-based force⁷⁸ prepared to deal not only with current threats, but also those likely to emerge in the foreseeable future. Elements maintaining core expansion capabilities for conventional conflict, while others develop new capabilities for the future, and the majority of the force remains available for the high-readiness inter-agency activities necessary to effectively combat the burgeoning transnational threats.

There are, however, significant risks associated with such precipitate action. With the transition to the Bush Administration and the Quadrennial Defence Review looming there is a very real prospect of a major change in the direction of U.S. defence policy. Think tanks are working feverishly to develop alternative strategies⁷⁹ and press reports are already speculating about a radically reshaped military, "a smaller, dramatically lighter force built more for battles with rogue states and terrorist cells than the major wars that were the focus of military planning in the 20th Century."⁸⁰ Under these circumstances, Australia's decision to address current problems and hold the ADF in a balanced posture pending a clear indication of U.S. intentions, and a considered assessment of the impact on Australia's interests, is prudent policy. In matters as serious as national defence, a "step in the right direction" must always be preferred over a "leap into the great unknown".

CONCLUSION

Judging by the consensus amongst politicians, Defence professionals, the media and the public, the Defence Review process and D2000, the resultant policy statement, has been a major success story. The PDP defined the key issues and clearly achieved its purpose of stimulating public interest and framing the debate. It was also very effective in "paving the way" for the follow up actions of the Consultation Teams, who were able to capitalise on the enhanced defence awareness to better gauge public opinion, explore concerns and, where necessary, incorporate important additional perspectives into their considerations. Indeed, the concept of a PDP, to inform the public, and an associated community consultation process, to

obtain feedback, on important defence issues worked so well that it seems likely to be included as standard practice in future Defence Reviews.

D2000 very effectively incorporates the community perspective into an authoritative restatement of Australia's fundamental commitment to the defence of Australia by Australians. It combines public opinion with professional expertise in a document that revises Australia's strategic perspective and proposes a new model for ADF capability development linked to a long-term commitment of funds. While not formally adopting a more comprehensive concept of national security and relegating "peacetime national tasks" to secondary status in terms of capability development must rank as missed opportunities in a policy sense, neither of these issues are time critical at present. Above all, D2000 appeals as a pragmatic policy. Ends are scaled appropriately to the available means. The fundamental importance of the alliance with the U.S., the focus on the "immediate neighbourhood", recognising the importance of ADO personnel and the need for better business practices, all of these issues from the vital to the mundane, now indicate a more realistic approach that augurs well for the future of the ADO.

In the current circumstances, D2000 is best characterised as "a step in the right direction", prudent policy that addresses the major problems which face Defence today and provides the foundation for a more efficient and effective ADO tomorrow. Over the next ten years D2000 offers the prospect of a modern joint force, with a warfighting focus, available for operations at short notice and sustainable for extended periods, but with the flexibility to contribute to coalition operations or deal with operations other than conventional war as required. In the final analysis, D2000 gives the Government a much more capable and flexible military instrument to use in concert with the other elements of national power to promote Australia's interests in an increasingly complex and uncertain world.

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ENDNOTES

¹ The Australian Defence Organisation is the "umbrella" term that includes the Australian Defence Force (ADF) and all elements of the Department of Defence (DoD).

² This Report was jointly prepared by the Secretary of the Department of Defence, Dr Allan Hawke (appointed only in October 1999 after Secretary Paul Barrett was removed) and the Chief of the Defence Force, Admiral Chris Barrie. See Department of Defence. Defence Annual Report 1999-2000, Commonwealth of Australia, Canberra, August 2000, p 3.

³ Allen Hawke. "What's the Matter? – A Due Diligence Report". Edited version of an Address by Allan Hawke, Secretary Department of Defence, to the Defence Watch Seminar, National Press Club, Canberra, 17 February 2000 reprinted in Australian Defence Force Journal, Number 141, March/April 2000, pp 45-52.

⁴ Defence Annual Report 1999-2000. Op Cit. pp 6-7 and 12. Specific examples include the McIntosh/Prescott Review of the Collins class submarine project, the review of banking and cash management processes by Ernst and Young and the internal communications audit conducted by the Phillips Group. All consultants used by the Department of Defence in 1999-2000 are detailed in the Annual Report.

⁵ Ibid. pp 9 and 11.

⁶ Australia's "immediate neighbourhood" is defined as Indonesia, East Timor, Papua New Guinea and the islands of the Southwest Pacific.

⁷ Department of Defence. Australia's Strategic Policy. Commonwealth of Australia, Canberra, December 1997.

⁸ The Auditor General. Coastwatch: Australian Customs Service. Audit Report No. 38 1999-2000, Performance Audit, Australian National Audit Office, Canberra, Commonwealth of Australia, 6 April 2000, pp 115-7.

⁹ Ralph Peters. Fighting for the Future: Will America Triumph? Stackpole Books, Mechanicsburg, PA, 1999, p10. For variations on this theme see also M. Van Creveld. The Transformation of War. The Free Press, New York, 1991 and S. P. Huntington. The Clash of Civilizations and the Remaking of World Order. Simon and Schuster, New York, 1996.

¹⁰ The White House. A National Security Strategy for a New Century. December 1999, pp 13-16. See also National Defense Panel, Transforming Defense: National Security in the 21st Century, Report of the National Defense Panel, December 1997, pp 16-17 and the National Intelligence Council, Global Trends 2015: A Dialogue about the Future With Nongovernment Experts, Central Intelligence Agency, NIC 2000-02, December 2000.

¹¹ Defence Annual Report 1999-2000. Op Cit. p 5.

¹² Department Of Defence. Defence 2000 – Our Future Defence Force. (D2000) Commonwealth of Australia, Canberra, December 2000, pp v.

¹³ The Community Consultation Team was a bipartisan group headed by the former Minister for Foreign Affairs and Ambassador to the United States Mr Andrew Peacock and including ex-Senators Dr David MacGibbon and Stephen Loosly, together with retired Major General Adrian Clunies-Ross.

¹⁴ The Defence Consultation Team comprised academic Professor Paul Dibb and retired Air Vice Marshal Brendan O'Loghlin.

¹⁵ Alan Gropman. "Turning The Corner". Armed Forces Journal International. February 2001, pp 12-4.

¹⁶ Department of Defence. Defence Review 2000 – Our Future Defence Force. A Public Discussion Paper. Defence Publishing Service, Canberra, June 2000, pp 4-7.

¹⁷ Ibid. p 10

¹⁸ Indonesia, for instance, still faces significant economic, political and social challenges, including separatist and sectarian issues in several areas of the archipelago. Papua New Guinea and the Solomon Islands, on the other hand, with their small populations, weak institutions, limited resource bases and stagnant economies, are increasingly vulnerable to threats to their sovereignty and national cohesion. Ibid. pp 12-13.

¹⁹ Ibid. pp 18-9.

²⁰ The ADO defines a "military capability" as much more than just a piece of equipment. It is the way in which the people, the doctrine, the training and the equipment are combined in order to accomplish a particular task.

²¹ PDP. Op Cit. pp 34.

²² The full list of key force structuring "choices" is alliance versus self-reliance; independent action versus coalition operations; defending Australia versus regional commitments; quality versus quantity; conventional wars versus non-conventional military operations; and current capability versus future capability. Ibid. pp 22-33.

²³ Ibid. pp 34-47.

²⁴ Ibid. p 48.

²⁵ Ibid. pp 48-9.

²⁶ Ibid. pp 48-56.

²⁷ Ibid. p 54.

²⁸ Ibid. pp 57-62.

²⁹ Defence Review 2000 Community Consultation Team. Australian Perspectives on Defence: Report of the Community Consultation Team (RCCT). Commonwealth of Australia, Canberra, September 2000, p 5. The extent of public interest is indicated by the following statistics:

Web site hits	179,745
Web site visits	105,865
Discussion Paper downloads	6,453
E-mail messages	5,316
Submissions	1,157
Calls and voice mail	3,674
Discussion Paper distributed (hard copy)	17,935

³⁰ Ibid. p 16.

³¹ Ibid. p 18.

³² Ibid. p 19.

³³ Ibid. pp 26-7.

³⁴ Ibid. p 22.

³⁵ Ibid. See pp 23-4.

³⁶ Ibid. p 25.

³⁷ Chief of the Defence Force and Secretary's Message on Release of the Community Consultation and Defence Consultation Program Reports. Department of Defence DEFGRAM 339/2000 of 9 November 2000, p 1.

³⁸ Ibid.

³⁹ D2000. Op Cit. pp 9-23.

⁴⁰ Ibid. pp 23-4.

⁴¹ Ibid. pp 29-32.

⁴² Ibid. pp.33-45.

⁴³ Ibid. pp 34-6.

⁴⁴ Australia's "nearer region" is defined as maritime Southeast Asia and the closer islands of the Southwest Pacific while the "immediate neighbourhood" includes only Indonesia, East Timor, Papua New Guinea and the islands of the Southwest Pacific. Ibid. pp 30-1 and 41-4.

⁴⁵ Ibid. pp 46-8.

⁴⁶ Ibid. p 51.

⁴⁷ Ibid. pp 46-53.

⁴⁸ Ibid. p 52.

⁴⁹ Ibid. pp 62-8.

⁵⁰ Ibid. pp 69-72.

⁵¹ Ibid.

⁵² Land Forces are defined to include all elements of the Army, and those elements of the Navy and Air Force whose principle task is to deploy them. Ibid. See pp 78-84.

⁵³ Ibid. pp 84-7.

⁵⁴ Ibid. pp 87-91.

⁵⁵ Ibid. pp 91-4.

⁵⁶ Ibid. pp 94-7.

⁵⁷ Ibid. pp 98-106.

⁵⁸ Ibid. pp 107-13

⁵⁹ Ibid. p 97.

⁶⁰ Ibid. pp 117-8.

⁶¹ Ibid. pp 118-9.

⁶² PDP. Op Cit. p 34.

⁶³ D2000. Op Cit. pp 46-57.

⁶⁴ See I. Wing. Refocusing Concepts of Security: The Convergence of Military and Non-military Tasks. Working Paper No. 111, Land Warfare Studies Centre, Canberra, November 2000, pp 82-96 and also Carolyn W. Pumphrey. Editor. Transnational Threats: Blending Law Enforcement and Military Strategies. Strategic Studies Institute, U.S. Army War College, Carlisle Barracks, PA, November 2000.

⁶⁵ For examples see S. Metz. Armed Conflict in the 21st Century: The Information Revolution and Post-Modern Warfare. Strategic Studies Institute, U.S. Army War College, Carlisle Barracks, PA, April 2000 and Major General R. H. Scales. Future Warfare Anthology. U.S. Army War College, Carlisle Barracks, PA, April 1999.

⁶⁶ RCCT. Op Cit. p 7.

⁶⁷ D2000. Op Cit. pp 52-3.

⁶⁸ 40 of the PDP's 80 pages deal with capability-related issues. See PDP Op Cit.

⁶⁹ RCCT. Op Cit. pp 11-16.

⁷⁰ D2000 Op Cit. pp 53-57.

⁷¹ See RCCT Op Cit. p 16 and D2000 Op Cit. pp 78-97.

⁷² John Moore, Minister for Defence. "Defence White Paper Released". Media Statement, Wednesday 6 December 2000, p1.

⁷³ See transcript of statement by the Leader of the Opposition, Kim Beazley on ABC Evening News, 6 PM Wednesday 6 December 2000.

⁷⁴ John Howard, Prime Minister, "Defence 2000 – Our Future Defence Force". Media Statement, Wednesday 6 December 2000, p 1.

⁷⁵ D2000. Op Cit. pp 117-8.

⁷⁶ RCCT. Op Cit. p 25.

⁷⁷ General John M. Shalikashvili. Shape, Respond and Prepare Now: A Military Strategy For A New Era. National Military Strategy of the United States of America, Chairman of the Joint Chiefs of Staff, Washington D.C. September 1997

⁷⁸ See Major General James M. Dubik. "Building a Strategy-based Force Structure". Landpower Essay Series Number 99-10, Association of the U.S. Army Institute of Land Warfare, Arlington, Virginia, December 1999.

⁷⁹ For instance see Michele A. Flournoy, Report of the National Defence University Quadrennial Defence Review 2001 Working Group, Institute for National Strategic Studies, National Defence University, Washington D.C., November 2000 and Conrad C. Crane, Alternative National Military Strategies for the United States. Conference Report, Strategic Studies Institute, U.S. Army War College, Carlisle, Pennsylvania, December 2000.

⁸⁰ Dale Eisman. "A mastermind for U.S. defense". The Virginian-Pilot. Friday, 23 February 2001, p A10.

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